



# NEWS & VIEWS

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**SBA News and Views** is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged.

## REDUCED FEE FOR NEW 7(a) LOANS TO BUSINESSES ADVERSELY AFFECTED BY SEPTEMBER 11<sup>th</sup> TERRORIST ATTACKS

The Defense Appropriations Act, signed by President Bush on January 10, 2002, reduces the ongoing fee charged to the lender on new 7(a) loans made to small businesses that were “adversely affected” by the September 11, 2001, terrorist attacks and their aftermath. The legislation makes no other changes to 7(a) program fees, or to the 504 loan program.

Under the new law, the on-going fee for eligible 7(a) loans is reduced from 0.5 percent (50 basis points) of the outstanding balance of the guaranteed portion of the loan to 0.25 percent (25 basis points). This fee reduction is effective for the full term of eligible loans approved by SBA during the 1 year period beginning January 11, 2002 and ending January 10, 2003, or until the funds available for this purpose are expended, whichever occurs first.

SBA has received an appropriation that will allow the Agency to fund up to approximately \$4.5 billion in eligible loans. Since the fee income received by SBA on loans made under this provision will be different from that received on regular 7(a) loans, these loans will have a different

subsidy rate and will be tracked separately for subsidy rate purposes.

### Eligibility:

For purposes of implementation of this legislative provision, the term “adversely affected small business” means a small business that has suffered economic harm or disruption of its business operations as a direct or indirect result of the terrorist attacks perpetrated against the United States on September 11, 2001. Some examples of economic harm are: difficulty in making loan payments on existing debt; difficulty in paying employees or vendors; difficulty in purchasing materials, supplies, or inventory; difficulty in paying rents, mortgages, or other operating expenses; and difficulty in security financing. SBA does not intend that this list be considered all-inclusive. The Agency anticipates that other circumstances can illustrate that a business has suffered economic harm or a disruption of its business operations.

### Special Requirements:

Each lender making a reduced fee 7(a) loan under the provisions of the new law is responsible for determining that the loan is being made to a small business that was adversely affected by the terrorist attacks of September 11, 2001. For each such loan, the lender must prepare, place, and keep in its loan file, a short written statement documenting the basis for its conclusion that the loan is eligible for inclusion under this provision.

All other existing SBA 7(a) loan requirements, including credit requirements, ap-

ply to loans made under the provisions of the new law.

For more information, contact John Lonsdale at (414) 297-1231 or John Mirenda at (608) 441-5512.

## MICROLENDING – A FINANCING SOURCE

The article “Financing Your Business Start-Up” that appeared in the January Newsletter failed to list Microlenders as a source of financing.

Microlenders are an important source of financing for businesses. The SBA makes funds available to qualified nonprofit organizations, which act as intermediary lenders. The intermediaries use these funds to make loans of up to \$35,000 to new and existing small businesses. In addition, the intermediaries provide management and technical assistance designed to help ensure success.

The first step in applying for a MicroLoan is to contact one of the local intermediary lenders listed below. The lender will provide the details on applying for a loan or receiving technical assistance.

### Advocap – Fond du Lac

(920) 922-7760 – Morton Gazerwitz

### Advocap – Oshkosh

(920) 526-0150 – Morton Gazerwitz

### Impact Seven, Inc. – Almena

(715) 357-3334 – William Bay

Jonathan Anderson

### Impact Seven, Inc. – Madison

(608) 251-8450 – Paul VanAuken

**WI Women's Business Initiative Corp.**  
**Milwaukee and Madison**  
 (414) 263-5450 – Carol N. Maria  
 (608) 257-5450

**Northeast Entrepreneur Fund**  
**Superior**  
 (800) 422-0374 – Bob Voss

**Lincoln Neighborhood Redevelopment Corp. – Milwaukee**  
 (414) 671-5619 – Hilde Dewulf or  
 Mike Gapinski

## **SBA ADJUSTS REVENUE-BASED SIZE STANDARDS FOR INFLATION, WIDENS ELIGIBILITY FOR AGENCY PROGRAMS**

SBA Administrator Hector V. Barreto announced that the SBA has increased its revenue based size standards for small businesses by 15.8 percent to account for inflation since 1994.

Since the size standards are used to determine whether a business is a small business for the purposes of eligibility for SBA programs, the inflation adjustments will make it possible for at least 8,600 companies to regain their eligibility as small businesses.

The new standards were published in the *Federal Register* on January 23, 2002, as an interim final rule with a 30-day comment period. They will become effective on February 22, 2002. For small businesses located in the September 11 presidential declared disaster areas of metropolitan New York City and Northern Virginia, the new regulations will apply retroactively to Sept. 11, 2001.

As a result, the SBA's Office of Disaster Assistance will go back and review applications for disaster recovery loans in those areas to determine whether those that were rejected because they didn't qualify as small businesses have become eligible for assistance.

Also, as a result, the Surety Bond Program eligibility criteria have been amended to increase the average annual receipts for prospective clients from \$5.0 million to \$6.0 million. Consequently, businesses in the construction and service industries can **now** meet SBA's size eligibility standards if their average annual receipts, including

those of their affiliates, for the last three fiscal years do not exceed \$6 million **rather** than \$5 million.

The SBA adjusts the revenue-based size standards using the chain-type price index used by the Department of Commerce to measure inflation in the economy.

Revenue-based size standards for small businesses had not been updated for inflation since 1994. Industry sectors whose size standards had been changed for other criteria that also included inflation since 1994 will be adjusted accordingly to match the new percentage.

For additional information on the new size standards, visit the SBA's Office of Size Standards web page at [www.sba.gov/size](http://www.sba.gov/size) and click on "What's New?"

## **REMINDER TO LENDERS OF DELINQUENT GUARANTY FEES NOTICES & AUTOMATIC CANCELLATION OF LOANS WHEN FEE REMAINS UNPAID**

In accordance with Revision E of SOP 50 10, effective August 1, 2001, all 7(a) guaranty loans with an original maturity in excess of 12 months that were approved on or after December 1, 2000, are subject to **automatic cancellation if the guaranty fee is not paid within 90 days of approval**. The Loan Authorization gives the lender notice of its obligation to pay the guaranty fee within 90 days of the date of the Authorization. The Authorization also gives notice that the lender's failure to **"timely pay the guaranty fee will result in cancellation of the SBA guaranty."**

As a courtesy to the lender, for any loan on which the guaranty fee is not timely paid, SBA intends to provide a **"Notice of Overdue Guaranty Fee"** to inform them that the fee is delinquent. However, SBA's failure to provide this second notice does not affect the lender's obligation to pay the fee, or SBA's rights to cancel its guaranty if the fee is not paid.

If SBA does not receive the guaranty fee on a loan by the 90<sup>th</sup> day after loan approval, the Agency's Denver Finance Center (DFC) will issue to the lender a **"Notice of Overdue Guaranty Fee."** This notice will be generated on or after the 91<sup>st</sup> day after loan approval and will include the name of the lender, the name of the borrower and the SBA loan number.

If the guaranty fee remains unpaid on the 121<sup>st</sup> day after approval, DFC will send a **"Cancellation of Loan Guaranty"** notice to the lender. Concurrent with this notice, the SBA guaranty of the loan will be cancelled automatically, and a notation of this action will be automatically posted to the Delinquent Loan Collection System (DLCS). The final notice will include the name of the lender, the name of the SBA borrower, and the SBA loan number.

## **NEW PARTICIPANT LENDER**

The Small Business Administration welcomes **CUNA Credit Union** as a new SBA participant lender. CUNA Credit Union is located at 401 South Yellowstone Drive, Madison, WI 53705 – Phone (608) 244-2400. Samuel P. Huntington, Vice President, is the primary contact person.

## **FIRST SBA ELECTRONIC ASSET SALE SUCCESSFUL**

The U.S. Small Business Administration (SBA) conducted a loan asset sale entirely through the Internet for the first time. SBA Administrator Hector V. Barreto announced. The SBA used the latest encryption technology to conduct its fifth sale, propelling the agency to the forefront of cutting-edge technology.

Open E-Cry technology, used for a portion of the loan pools in the SBA's fifth asset sale, allowed multiple bidders to present their auction bids in real time over the Internet. The other loan pools were sold through sealed bids also submitted online. With each sale, the SBA has developed new techniques to market its loans. These have included using the Internet to allow bidders to bid online and offering investors the opportunity to perform due diligence in their own efforts over the Internet.

The SBA's fifth asset sale attracted winning bids totaling \$408.2 million through a competitive bidding process held on January 15, 2002. The sale consisted of 29,335 7(a) General Business loans, 504 Certified Development Company loans and direct disaster assistance homeland business loans with an unpaid balance of \$611 million. The loans were sold in 29 pools to maximize value. The successful bidders were Bayview Financial Trading Group, L.P., UMLIC VP LLC, TC3 Grantor Trust II, LPP Mortgage, Ltd. And Community 1<sup>st</sup> Bank of Missouri.

The five sales to date have produced \$2.7 billion in gross proceeds, and in all of the sales the proceeds received by the SBA exceeded the estimated value of the loans had the SBA continued to hold them. In the August 2001 sale alone, the SBA brought in winning bids totaling \$883.7 million from its agency-held loan portfolio. Previous asset sales in 1999 and 2000 included nearly 50,000 small business and disaster assistance loans with an unpaid principal balance of approximately \$2.6 billion. Those sales brought in nearly \$1.4 billion in gross revenues. Through the five sales, the agency has sold almost 110,000 loans with an unpaid principal balance of approximately \$4.4 billion.

The SBA has begun work on its sixth asset sale and anticipates a bid date in August. Bidder information packages for that sale should be available in June.

## THE SCORE ASSOCIATION

The SCORE Association (Service Corps of Retired Executives) is a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small businesses nationwide. SCORE is a resource partner with the U.S. Small Business Administration. The SCORE Association volunteers serve as "Counselors to America's Small Business." Retired and working executives and business owners donate their time and expertise as volunteer business counselors and provide confidential counseling and mentoring free of charge. Across the United States and Puerto Rico through 389 SCORE chapters, 11,500 volunteer members provide individual counseling and business workshops for aspiring entrepreneurs and small business owners. Formed in 1964, SCORE has assisted more than 4.5 million Americans. In fiscal 2001, SCORE provided 387,938

services to the small business community through counseling, educational training workshops and online assistance. Collectively, SCORE counselors donated 1.2 million volunteer hours in fiscal 2001.

### SCORE Business Counseling

All SCORE business counselors receive specialized training in counseling and mentoring. The key qualification they bring to clients is real-world experience. SCORE counselors have general management and specific industry experience that can benefit a business. SCORE business experts can meet face-to-face, and may also counsel in teams, with each counselor bringing a specific strength to the table. Counselors can travel to your place of business for an on-site evaluation, making them better able to learn more about your venture and your concerns. SCORE also provides free e-mail counseling from its Web site [www.score.org](http://www.score.org).

### Type of Counseling SCORE Provides

SCORE's experienced business experts provide general business advice on everything from how to write a business plan, to cash flow management, and developing a small business advisory board. Assistance for entrepreneurs may involve investigating the market potential for a product or service and assessing the capital needs to start a business. Counselors can provide insight into how to start a business, operate a business, buy a business or franchise and sell a business.

### Other Services SCORE Offers

SCORE provides low-cost workshops and seminars that are offered at local chapters. Topics are planned to address specific interests in a given community. There are nominal workshop fees depending upon the program. Workshop topics have included:

Developing Your Business Plan, Starting and Operating Your Own Business, Getting Financing for Your Business, Basic Business Accounting, Expanding Your Business and Marketing-A-Do-It-Yourself Approach for Small Business.

Find the SCORE chapter nearest to you by visiting online at:

[www.scorewisconsin.org](http://www.scorewisconsin.org) or by calling the SCORE Association office toll free at 1-800-634-0245.

You may also e-mail SCORE at [contact.score@sba.gov](mailto:contact.score@sba.gov) to find the

many SCORE locations, and we'll respond with contact information.

SCORE's small business Web site has over 2,000 pages of business related content, which attracts close to 400,000 site visitors annually. Get free and confidential business advice from SCORE via e-mail at [www.score.org](http://www.score.org).

More than 900 business mentors possessing 600 different skill sets are available 24/7 to help clients from computers in their homes or offices. You can choose from a wide range of SCORE counselors to find the one who best matches your business needs, and initiate the dialog with a counselor when it is convenient for you

## CREATE NEW JOBS THROUGH EXPORTS

Export sales create real jobs here in Wisconsin and SBA has several creative programs designed specifically to help small businesses expand their sales abroad. The State of Wisconsin is hosting a series of Creative Financing Seminars throughout the state in February and March. SBA's Regional Manager for International Trade Programs, John Nevell, will be attending several of these events in order to explain the special features of these trade loans. He will also be available for one-on-one meetings with bankers or exporters who have specific questions or proposals to discuss. Contact Mr. Tom Rooney at (608) 441-5511 for the schedule and details or call Mr. Nevell direct at (312) 353-8065.

## WISCONSIN CALENDAR OF EVENTS

Only SBA sponsored events are endorsed by the Agency. Other events are merely provided as a resource.



## SBA LENDERS FOR JANUARY 2002

**COMMUNITY BANK & TRUST**  
Sheboygan - 12 Loans for \$3,307,008

**ASSOCIATED BANK NA**  
Green Bay - 10 Loans for \$1,642,400

**WISCONSIN BUSINESS  
DEVELOPMENT**  
Madison - 5 Loans for \$2,290,000

**AMERICAN NATIONAL BANK**  
Appleton - 3 Loans for \$1,362,000

**M&I MARSHALL & ILSLEY  
BANK**  
Brookfield - 2 Loans for \$137,370  
Milwaukee - 1 Loan for \$537,800  
**TOTAL: 3 Loans for \$675,170**

**ST. FRANCIS CAPITAL  
CORPORATION**  
Brookfield - 3 Loans for \$458,500

**LEGACY BANK**  
Milwaukee - 3 Loans for \$248,462

**BAYLAKE BANK**  
Sturgeon Bay - 3 Loans for \$235,500

**NEWCOURT SMALL BUSINESS  
LENDING CORP.**  
Morristown, N.J.  
2 Loans for \$1,489,000

**PARK BANK**  
La Crosse - 1 Loan for \$450,000  
Holmen - 1 Loan for \$185,000  
**TOTAL: 2 Loans for \$635,000**

**INVESTORS COMMUNITY  
BANK**  
Manitowoc - 2 Loans for \$620,000

**CUBA CITY STATE BANK**  
Cuba City - 2 Loans for \$610,125

**PORT WASHINGTON STATE  
BANK**  
Port Washington  
2 loans for \$453,000

**COMMUNITY FIRST CREDIT  
UNION**  
Appleton - 1 Loan for \$120,000

**BUSINESS LOAN CENTER INC**  
Richmond, VA-1 Loan for \$1,050,000

**FIRST NATIONALBANK  
FOX VALLEY**  
Neenah - 1 Loan for \$740,000

**MILWAUKEE ECONOMIC  
DEVELOPMENT CORP.**  
Milwaukee - 1 Loan for \$360,000

**MID-WISCONSIN BANK**  
Medford - 1 Loan for \$245,450

**STATE FINANCIAL BANK**  
Glendale - 1 Loan for \$220,000

**CAMBRIDGE STATE BANK**  
Cambridge - 1 Loan for \$200,000

**HOMETOWN BANK**  
Saint Cloud - 1 Loan for \$165,000

**WELLS FARGO BANK  
MINNESOTA NA**  
Minneapolis, MN  
1 Loan for \$160,000

**CHARTER BANK EAU CLAIRE**  
Eau Claire - 1 Loan for \$150,000

**PEOPLES NATIONAL BANK**  
Eau Claire - 1 Loan for \$150,000

**PEOPLES STATE BANK**  
Wausau - 1 Loan for \$150,000

**JOHNSON BANK**  
Racine - 1 Loan for \$142,000

**STATE BANK OF CHILTON**  
Chilton - 1 Loan for \$115,798

**WISCONSIN COMMUNITY  
BANK**

Monroe - 1 Loan for \$113,000

**STATE BANK OF ARCADIA**  
Arcadia - 1 Loan for \$108,000

**ANCHOR BANK SSB**  
Appleton - 1 Loan for \$100,000

**FIRST BUSINESS BANK OF  
MADISON**  
Madison - 1 Loan for \$100,000

**WAUKSHA STATE BANK**  
Waukesha - 1 Loan for \$100,000

**SKY BANK-MID AM REGION**  
Toledo, OH - 1 Loan for \$92,100

**SIGNAL BANK NA**  
West St. Paul, MN  
1 Loan for \$78,000

**COMMUNITY FIRST NATIONAL  
BANK**  
Salt Lake City, UT  
1 Loan for \$73,800

**BANK ONE WISCONSIN**  
Milwaukee - 1 Loan for \$66,000

**FIRST NATIONAL BANK IN  
MANITOWOC**  
Green Bay - 1 Loan for \$65,500

**ACUITY BANK**  
Toman - 1 Loan for \$65,000

**AMCORE BANK NA ROCKFORD**  
Rockford, IL - 1 Loan for \$48,000

**COMMUNITY STATE BANK**  
Union Grove - 1 Loan for \$15,000



# ***THE ALL NEW LENDERS' CONFERENCE***

**MAY 8 & 9 2002**

***Kalahari Resort    Wisconsin Dells    Wisconsin***

***For:***

***Bank Presidents, CEO's, Board &  
Chamber Directors, CPA's,  
Commercial Lenders, Tellers, Credit Analysts,  
Collection Managers***

***CONFERENCE FEE:***

***\$265 Postmarked or faxed by April 24, 2002  
\$295 After April 24, 2002  
(Does not include golf fee)***

***FEE INCLUDES:***

***Wednesday  
Thursday***

***Kick Off Reception & Keynote Speaker  
Breakfast Buffet, Refreshment Breaks,  
Lunch, SBA Lenders Guide and CD-ROM***

***For More Information:***

***Call UWSP Extension at  
715-346-3838 or 1-800-898-9472  
FAX: 715-346-4045***

***Join us for the All New Lenders' Conference Golf Outing on Wednesday, May 8, 2002 at Cold Water Canyon Golf Course. Box lunch served on the course provided by Wisconsin Business Development. Golf fee is \$55 per person. For golf information, call Jules Matsoff at 414-297-3934.***

***Watch your mail for brochure!***

**740 Regent Street, Suite 100, Madison, Wisconsin 53715. 608/441-5263-- FAX 608/441-5541  
310 W. Wisconsin Avenue, Room 400, Milwaukee, Wisconsin 53203, 414/297-3941 FAX 414/297-1377**



# ***17<sup>th</sup> Annual Small Business Awards Breakfast***

***Friday  
June 7, 2002***

***Registration:***

***7:00 am - 7:30 am***

***Awards Breakfast***

***7:30 am - 9:00 am***

***Italian Community Center  
631 East Chicago Street  
Milwaukee, Wisconsin***

## **PARTICIPATING ORGANIZATIONS**

**Reinhart, Boerner, Van Deuren, Norris & Rieselbach, S.C.**

**The Business Journal**

**Associated Bank**

**UPS**

**For more information contact: Mary Trimmier at 414/297-1093**

**Has your small business been affected because a key employee was called to active duty?**

An SBA Economic Injury Disaster Loan with a 4% fixed interest rate might help.

*“This program provided the money I needed. I encourage fellow reservists to contact the SBA.”*

*~Robert Banas, Owner  
Bob's Pizza  
North Tonawanda, NY*

1-800-U ASK SBA    [www.sba.gov](http://www.sba.gov)



*All of the SBA's programs and services are provided to the public on a nondiscriminatory basis.*



Visit SBA's Website for information on Military Reservist Economic Injury Loans at: <http://www.sba.gov/disaster/mreidl.html> and SBA's Disaster Website for other disaster loan programs at [www.sba.gov/disaster](http://www.sba.gov/disaster)